

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1472
ANSWERED ON:13.12.2013
INTEREST SUBSIDY ON AGRICULTURAL LOANS
Ananth Kumar Shri

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has any proposal for waiving off or provide subsidy on interest on agricultural loans during the current year;
- (b) if so, the details thereof;
- (c) the exposure of public sector banks (PSBs) at the end of the first quarter of the current year towards small and medium agricultural borrowings; and
- (d) the action proposed to be taken by the PSBs for recovery of loans in the areas declared as drought prone in the current year?

Answer

The Minister of State in the Ministry of Finance (Shri Namo Narain Meena)

(a) & (b) :- In order to provide credit to farmers at affordable interest rates, the Government of India has, since 2006-07, been implementing the Interest Subvention Scheme under which short-term crop loans upto Rs. 3 lakh are made available to the farmers at an interest rate of 7% per annum by the banks. Since 2009-10, GOI has also been providing additional interest subvention for those farmers who repay their loans within the period of interest subvention i.e. within one year of disbursement of such loans. This additional subvention was increased to 2% in 2010-11 and 3% in 2011-12 and 2012-13. The Interest Subvention Scheme has been extended to the current year, i.e. 2013-14 and has also been extended to the private sector banks for the year 2013-14.

(c):- The exposure of Public Sector Banks(PSBs) to agriculture loans outstanding, as on 30th June, 2013, stood at Rs. 5,33,059.75 crore, out of which loans to marginal farmers and small farmers stood at Rs. 96,715.29 crore and Rs. 1,57,921.16 crore, respectively.

(d):- There are specific Guidelines issued by Reserve Bank of India (RBI) to address situations arising out of natural calamities, including drought. RBI's Guidelines on undertaking relief measures, inter alia, contain directions to banks to convene meetings of District Consultative Committees(DCCs)/State Level Bankers' Committees(SLBCs) to evolve action plan for implementation of relief programmes. Banks have also been advised to consider moratorium period of at least one year in all cases of restructuring.